

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BURKESVILLE GAS COMPANY, INC. AND)	
CONSOLIDATED FINANCIAL RESOURCES, INC.)	
)	
_____)	CASE NO. 94-238
)	
AN INVESTIGATION INTO THE ADEQUACY AND)	
RELIABILITY OF GAS SUPPLY AND ALLEGED)	
FAILURE TO COMPLY WITH AN ORDER OF)	
THE PUBLIC SERVICE COMMISSION)	

O R D E R

The Commission initiated this investigation on June 24, 1994, requiring Burkesville Gas Company, Inc. ("Burkesville Gas") and Consolidated Financial Resources, Inc. ("Consolidated") to present evidence concerning an alleged failure to comply with the Commission's October 28, 1992 Order in Case No. 90-290,¹ and to demonstrate why penalties should not be assessed pursuant to KRS 278.990(1) for this alleged failure. Burkesville Gas and Consolidated were also required to present evidence concerning the adequacy and reliability of Burkesville Gas's natural gas supply for the 1994-95 heating season.

In ordering paragraph 5 of its May 19, 1995 Order, the Commission required Burkesville Gas to file information regarding certain options proposed to provide a firm, uninterruptible gas supply to its customers. In response to a motion by Burkesville

¹ Case No. 90-290, Investigation to Determine Whether an Adequate Means for Delivery of Gas is Available to Burkesville Gas Company, Inc. (October 28, 1992).

Gas, the Commission in its June 27, 1995 Order granted Burkesville Gas additional time to negotiate a firm gas transportation agreement.

Burkesville Gas notified the Commission on August 16, 1995 and October 16, 1995 that negotiations for a firm gas transportation agreement were continuing.

On January 22, 1996, Burkesville Gas filed with the Commission a copy of an executed amendment to its existing gas supply contract with Gulf Gas Utilities Company ("Gulf Gas"), which amendment is attached as an appendix to this Order. Effective December 1, 1995, the amendment states that "all purchases hereunder will be on a firm transportation basis."

IT IS THEREFORE ORDERED that:

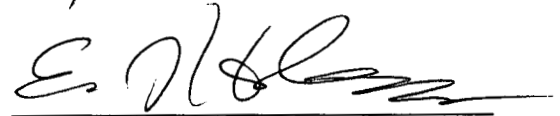
1. Burkesville Gas shall notify the Commission before agreeing to any proposed changes in its existing contract as amended with Gulf Gas.

2. This case is closed.

Done at Frankfort, Kentucky, this 14th day of March, 1996.

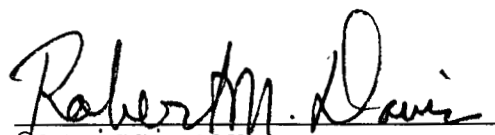
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 94-238 DATED MARCH 14, 1996

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In the matter of:

BURKESVILLE GAS COMPANY, INC. AND)
CONSOLIDATED FINANCIAL RESOURCES, INC.)
_____) **Case No. 94-238**
)
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AN INVESTIGATION INTO THE ADEQUACY)
AND RELIABILITY OF GAS SUPPLY AND)
ALLEGED FAILURE TO COMPLY WITH AN)
ORDER OF THE PUBLIC SERVICE)
COMMISSION)

NOTICE OF COMPLIANCE WITH PUBLIC SERVICE COMMISSION
ORDER OF MAY 19, 1995

Comes now Burkesville Gas Company, by and through counsel, and for its compliance with the Public Service Commission order of May 19, 1995 states as follows:

1. As it pertains to Paragraph 5 of Page 10 of the above referenced order, Burkesville Gas was required to provide the Commission with information regarding the feasibility of amending the Gulf Gas contract to require firm deliveries of gas.

2. This order was subsequently amended on June 27, 1995 to extend Burkesville Gas Company sufficient time in which to negotiate a firm gas transportation agreement with a supplier of natural gas.

3. Burkesville Gas Company is pleased to announce that it has finally culminated its negotiations with Gulf Gas Utilities, and as of December 1, 1995, has been receiving its natural gas deliveries via the Texas Eastern Transmission pipeline under a firm transportation agreement. Enclosed please find an amendment to the Gas Sales

Contract that had previously been entered into between Gulf Gas Utilities Company, a successor in interest to Consolidated Fuel Corporation, and Burkesville Gas Company.

4. Burkesville Gas Company submits this amended Gas Sales Contract to the Public Service Commission as compliance with the requirement of the May 19, 1995 order referred to hereinabove, and request approval of this Gas Sales Contract by the Public Service Commission.

Respectfully Submitted this the 18th day of January, 1996.

Kenneth A. Meredith, II
WHITE & MEREDITH
319 East Tenth Street
P.O. Box 1154
Bowling Green, KY 42102-1154
(502)781-6100

CERTIFICATION

This is to certify that a true and exact copy of the foregoing was this day placed in the U.S. Mail addressed to: Mr. Kenneth Turner, Route 3, Box 26A, Albany, KY 42602 and the original was placed in the U.S. Mail addressed to: Mr. Don Mills, Executive Director, Public Service Commission, 730 Schenkel Lane, Frankfort, KY 40601.

This the 18th day of January, 1996.

Kenneth A. Meredith, II

AMENDMENT TO GAS SALES CONTRACT

This AMENDMENT AGREEMENT dated December 12, 1995 and effective December 1, 1995, by and between Gulf Gas Utilities Company, a Texas Corporation ("Seller"), and Burkesville Gas Company, Inc. ("Buyer").

WITNESSETH

WHEREAS, Buyer and Seller entered into that certain Gas Sales Contract dated March 1, 1994, ("Contract") and subsequently amended on June 21, 1994, July 1, 1994 and December 1, 1994.

WHEREAS, Seller and Buyer by mutual agreement, desire to amend said Contract;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, the parties have agreed as follows:

EXHIBIT A

Price Per MMBtu: Price per MMBtu shall be two dollars and ninety-five cents per MMBtu (\$2.95). In the event Sellers delivered cost of gas exceeds the sales gas rate, Seller may increase sales gas rate by said amount.

SPECIAL TERMS AND CONDITIONS

It is to the understanding of Buyer and Seller that Buyer has no transportation rights on Texas Eastern Transmission Corporation's pipeline system for delivery of the gas supply purchased hereunder and shipped to the point of delivery specified in this agreement. It is agreed that all purchases hereunder will be on a firm transportation basis.

ARTICLE I DEFINITIONS

1.2 Expiration Date refers to 8:00 a.m. on the 1st day of December 1996.

Except as specifically amended herein, all other terms and conditions of the above Gas Sales Agreement shall remain the same and be in full force and effect; and this Amendatory Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

BUYER:

Burkesville Gas Company, Inc.
119 Upper River
P.O. Box 69
Burkesville, Kentucky 42717

BY: 

SELLER:

Gulf Gas Utilities Company
3027 Marina Bay Drive
Suite 205
League City, Texas 77573

BY: 

E. O. Capps - Manager T & E